

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>EXETER TOWNSHIP</b>	County <b>MONROE</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>9/2/04</b>	Date Accountant Report Submitted to State: <b>9/29/2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>COOLEY HEHL WOHLGAMUTH &amp; CARLTON, PLLC</b>			
Street Address <b>ONE SOUTH MONROE STREET</b>		City <b>MONROE</b>	State <b>MI</b>
Accountant Signature <i>Cooley Hehl Wohlgamuth &amp; Carlton</i>		ZIP <b>48161</b>	Date <b>9/28/04</b>

EXETER TOWNSHIP  
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

March 31, 2004

EXETER TOWNSHIP  
ANNUAL FINANCIAL REPORT  
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Independent Auditor's Report

Township Board  
Exeter Township  
Monroe County, Michigan

We have audited the accompanying general purpose financial statements of Exeter Township, Monroe County, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Exeter Township, Monroe County, Michigan, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Exeter Township, Monroe County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The individual fund financial statements in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Exeter Township, Monroe County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Cooley Hehl Wohlgamuth & Carlton*

September 2, 2004

## EXETER TOWNSHIP

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

	Governmental Fund Types			
	General	Special Revenue	Water Debt Service	Water Capital Projects
<u>ASSETS</u>				
Cash and cash with fiscal agent	\$374,959	\$31,512	\$615,502	\$291,040
Certificates of deposit	0	10,000	0	0
Receivables:				
Accounts	35,975	0	0	6,741
Special assessments	0	0	1,431,875	0
Delinquent taxes	9,874	0	13,219	0
Due from other funds	0	0	3,684	0
Prepaid expense	9,862	0	0	0
Fixed assets	0	0	0	0
Amount available in debt service fund	0	0	0	0
Amount to be provided for general long-term debt	0	0	0	0
Total Assets	<u>\$430,670</u>	<u>\$41,512</u>	<u>\$2,064,280</u>	<u>\$297,781</u>
<u>LIABILITIES</u>				
Accounts payable	\$21,324	\$0	\$0	\$0
Due to other funds	3,684	0	0	0
Due to other governmental units	0	0	0	0
Escrow deposits	1,000	0	0	0
Deferred Revenue	0	0	1,340,501	0
Contracts payable	0	0	0	0
Notes payable	0	0	0	0
Total Liabilities	26,008	0	1,340,501	0
<u>FUND EQUITY</u>				
Investment in general fixed assets	0	0	0	0
Fund balance				
Reserved for debt service	0	0	723,779	0
Reserved for water projects	0	0	0	297,781
Unreserved-undesignated	404,662	41,512	0	0
Total Fund Equity	<u>404,662</u>	<u>41,512</u>	<u>723,779</u>	<u>297,781</u>
Total Liabilities and Fund Equity	<u>\$430,670</u>	<u>\$41,512</u>	<u>\$2,064,280</u>	<u>\$297,781</u>

(See accompanying notes to financial statements)

Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Agency	Fixed Assets	Long-Term Debt	
\$431	\$0	\$0	\$1,313,444
0	0	0	10,000
0	0	0	42,716
0	0	0	1,431,875
0	0	0	23,093
0	0	0	3,684
0	0	0	9,862
0	1,723,859	0	1,723,859
0	0	723,779	723,779
0	0	1,422,860	1,422,860
<u>\$431</u>	<u>\$1,723,859</u>	<u>\$2,146,639</u>	<u>\$6,705,172</u>
\$0	\$0	\$0	\$21,324
0	0	0	3,684
431	0	0	431
0	0	0	1,000
0	0	0	1,340,501
0	0	1,976,875	1,976,875
0	0	169,764	169,764
431	0	2,146,639	3,513,579
0	1,723,859	0	1,723,859
0	0	0	723,779
0	0	0	297,781
0	0	0	446,174
0	1,723,859	0	3,191,593
<u>\$431</u>	<u>\$1,723,859</u>	<u>\$2,146,639</u>	<u>\$6,705,172</u>

## EXETER TOWNSHIP

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCESALL GOVERNMENTAL FUND TYPES

For the Year Ended March 31, 2004

	General	Special Revenue	Water Debt Service
Revenues			
Taxes and assessments	\$91,968	\$0	\$140,972
Licenses and permits	162,885	0	0
State shared revenue	216,839	0	0
Charges for services	25,301	0	0
Local contributions	0	6,978	0
Interest income	3,651	596	103,386
Other income	22,681	1,030	0
Total Revenues	523,325	8,604	244,358
Expenditures			
Legislative	59,405	0	0
General government	182,937	0	0
Public safety	189,147	0	0
Public works	63,725	0	0
Recreation and culture	500	7,126	0
Capital projects	0	0	0
Debt service	0	142,311	223,459
Other	60,664	0	0
Total Expenditures	556,378	149,437	223,459
Excess (Deficiency) of Revenues over Expenditures	(33,053)	(140,833)	20,899
Other Financing Sources (Uses)			
Operating transfers in	0	2,326	0
Operating transfers out	(2,326)	0	0
Total Other Financing Sources (Uses)	(2,326)	2,326	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(35,379)	(138,507)	20,899
Fund Balance - Beginning of Year	440,041	180,019	702,880
Fund Balance - End of Year	<u>\$404,662</u>	<u>\$41,512</u>	<u>\$723,779</u>

(See accompanying notes to financial statements)

Water Capital Projects	Totals (Memorandum Only)
\$0	\$232,940
119,408	282,293
0	216,839
0	25,301
0	6,978
1,845	109,478
0	23,711
121,253	897,540
0	59,405
0	182,937
0	189,147
0	63,725
0	7,626
0	0
0	365,770
0	60,664
0	929,274
121,253	(31,734)
0	2,326
0	(2,326)
0	0
121,253	(31,734)
176,528	1,499,468
<u>\$297,781</u>	<u>\$1,467,734</u>



EXETER TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
GENERAL FUND, SPECIAL REVENUE FUNDS AND DEBT SERVICE FUNDS  
For the Year Ended March 31, 2004

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes and assessments	\$86,800	\$91,968	\$5,168
Licenses and permits	109,000	162,885	53,885
State grants	239,500	216,839	(22,661)
Charges for services	25,000	25,301	301
Local contributions	0	0	0
Interest income	6,500	3,651	(2,849)
Other income	4,700	22,681	17,981
Total Revenues	471,500	523,325	51,825
Expenditures			
Legislative	32,100	59,405	(27,305)
General government	204,900	182,937	21,963
Public safety	181,010	189,147	(8,137)
Public works	120,500	63,725	56,775
Recreation and culture	500	500	0
Capital projects	0	0	0
Debt service	0	0	0
Other	116,400	60,664	55,736
Total Expenditures	655,410	556,378	99,032
Excess (Deficiency) of Revenues over Expenditures	(183,910)	(33,053)	150,857
Other Financing Sources (Uses)			
Operating transfers in	0	0	0
Operating transfers out	(2,380)	(2,326)	54
Total Other Financing Sources (Uses)	(2,380)	(2,326)	54
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(186,290)	(35,379)	150,911
Fund Balance at Beginning of Year	440,041	440,041	0
Fund Balance at End of Year	\$253,751	\$404,662	\$150,911

(See accompanying notes to financial statements)

Special Revenue Funds			Water Debt Service Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$97,200	\$140,972	\$43,772
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
6,978	6,978	0	0	0	0
1,500	596	(904)	109,950	103,386	(6,564)
0	1,030	0	0	0	0
8,478	8,604	(904)	207,150	244,358	37,208
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
9,305	7,126	2,179	0	0	0
0	0	0	0	0	0
60,000	142,311	(82,311)	230,200	223,459	6,741
0	0	0	0	0	0
69,305	149,437	(80,132)	230,200	223,459	6,741
(60,827)	(140,833)	(81,036)	(23,050)	20,899	43,949
2,327	2,326	(1)	0	0	0
0	0	0	0	0	0
2,327	2,326	(1)	0	0	0
(58,500)	(138,507)	(81,037)	(23,050)	20,899	43,949
180,019	180,019	0	702,880	702,880	0
<u>\$121,519</u>	<u>\$41,512</u>	<u>(\$81,037)</u>	<u>\$679,830</u>	<u>\$723,779</u>	<u>\$43,949</u>

[illegible][illegible]

EXETER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1    Summary of Significant Accounting Policies

For financial reporting purposes, Exeter Township includes all funds, account groups, agencies, boards and authorities that are controlled by or dependent on the Township Board. The accounting policies of the Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Water Debt Service Funds - to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Water Capital Projects Fund - to account for financial resources to be used for the acquisition or construction of major capital projects.

FIDUCIARY FUND

Agency Fund

Tax Collection Fund - to account for receipt and disbursement of tax collections.

B. Fixed Assets

General fixed assets of the Township are stated at cost or estimated cost at date of acquisition and include expenditures of budgetary funds for land, land improvements, equipment and facilities. Amounts expended directly from budgetary funds for equipment or other capital improvements are included in expenditures of such funds. No depreciation is provided on general fixed assets. General infrastructure assets have not been recorded in the financial statements.

C. Basis of Accounting

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is prepaid expenses which are not recognized.

EXETER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1    Summary of Significant Accounting Policies (Concluded)

D. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The fiscal officer submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them. Unexpended appropriations lapse at year end.
2. A public hearing is conducted to obtain taxpayer comment.
3. The budget is legally enacted through a Board motion.
4. Any revisions to the budget must be approved by the Township Board.
5. Budgets for the General Fund, Special Revenue Funds, Debt Service Funds and the Capital Projects Fund were adopted on a basis consistent with generally accepted accounting principles.
6. Budgeted amounts are as originally adopted, or as amended by the Township Board.

E. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2    Property Tax

The Township bills and collects taxes for Monroe County, State of Michigan, Airport Community School District, Monroe Public Schools, Milan Area Schools, Dundee Community Schools, Monroe County Community College, Monroe County Intermediate School District and Washtenaw County Intermediate School District. The Township also bills and collects its own property tax. The Township levied 0.8952 mills for general operating. Taxable values, which amounted to \$100,176,082 for the general operating millage, represent a percentage of the fair market value of the assessed properties on December 31, 2002. Taxes are levied on December 1, 2003 based on assessment of property at December 31, 2002 and are due on February 14, 2004.

For the year ended March 31, 2004, the Township billed and retained \$23,542 as administrative fees for the above tax collection.



EXETER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 3     Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance March 31, 2003	Additions	Deletions	Balance March 31, 2004
Land and buildings	\$ 840,094	\$ -	\$ -	\$ 840,094
Office and general equipment	111,278	-	-	111,278
Fire equipment	<u>761,440</u>	<u>11,047</u>	<u>-</u>	<u>772,487</u>
Total	<u>\$1,712,812</u>	<u>\$11,047</u>	<u>\$ -</u>	<u>\$1,723,859</u>

Included in land and buildings is the new library which is owned equally by Exeter Township, London Township, Raisinville Township, and the Village of Maybee.

Note 4     Cash with Fiscal Agent

This consists of cash and certificates of deposit held by the County of Monroe in its debt retirement accounts for payment of maturing bond principal and interest on debt that it has incurred pursuant to contracting with Exeter Township to acquire and construct water supply system improvements and facilities under Act 342, P.A. of 1948, as amended.

Note 5     Deposits

Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At March 31, 2004, Exeter Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories. The Board authorized Republic Bank of Maybee as the depository.

EXETER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5    Deposits (Concluded)

Deposits are carried at cost. The carrying amount of deposits is displayed on the balance sheet as cash, cash with fiscal agent, and certificates of deposit. The following is a summary of these deposits:

Carrying value of total deposits	\$ <u>1,323,444</u>
Bank balance of deposits	\$1,250,581
Amount covered by FDIC	<u>100,000</u>
In uninsured and uncollateralized accounts	\$ <u>1,150,581</u>

Note 6    Compensated Absences

The Township does not have a policy of providing employees with vacation or sick pay.

Note 7    Employee Pension Plan

The Township provides pension benefits for all employees earning more than \$500 annually through a defined contribution plan. The Plan is through The Travelers Insurance Company and the USG Annuity and Life Company and is administered by Municipal Retirement Systems, Inc. The Plan became effective July 1, 1991. The Township contributes 7.5% of the employees' wages to the Plan. The Township's contributions are 100% vested immediately.

The cost for the current fiscal year services was \$8,350 which included an administrative fee of \$185. The covered payroll for the year was \$108,870 out of total payroll of \$146,933.

Note 8    Long-Term Debt

The following is a summary of long-term debt outstanding as of March 31, 2004:

	Interest Rate	Date of Issue	Maturity Dates	Original Amount of Issue	Balance Outstanding
Contract liability for:					
General Obligation					
Limited Tax Water	5.0%-		11/1/97-		
Supply System Bonds	7.5%	04/01/97	05/1/16	\$ 86,439	\$ 58,461
(Maybee/Raisinville Exeter/London)Series 1997					
General Obligation					
Limited Tax Water	5.0%-		04/01/02		
Supply System Bonds	7.5%	06/01/00	04/01/20	2,143,558	1,918,414
(Townships of Exeter and Raisinville System No. 1) -Series 2000					
Loan Payable:					
Pumper Truck	4.25%	04/02/02	04/02/02 03/01/12	<u>212,206</u>	<u>169,764</u>
				\$ <u>2,442,203</u>	\$ <u>2,146,639</u>

EXETER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 8 Long-Term Debt (Continued)

Changes in long-term debt during the 2004 fiscal period are summarized as follows:

	Balance March 31, 2003	Additions	Reductions	Balance March 31, 2004
General Obligation				
Limited Tax Water				
Supply System Bonds				
(Maybee/Raisinville/ Exeter/London)-Series				
1997	\$ 63,124	\$ -	\$ 4,663	\$ 58,461
General Obligation				
Limited Tax Water				
Supply System Bonds				
(Townships of Exeter and Raisinville System No. 1)				
-Series 2000	2,030,986	-	112,572	1,918,414
1999 Fire Hall Note	160,000	-	160,000	-
2002 Pumper Truck	190,985	-	21,221	169,764
	<u>\$2,445,095</u>	<u>\$ -</u>	<u>\$298,456</u>	<u>\$2,146,639</u>

The following are the repayment schedules of the March 31, 2004 balances:

Contract liability for the General Obligation Limited Tax Water Supply System Bonds (Maybee/Raisinville/Exeter/London) - Series 1997 - original issue of \$2,595,000, with the Township's share set at 3.331%, equaling \$86,439. The bonds were issued April 1, 1997 by the County of Monroe.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
05/01/04	\$ 4,497	\$ 1,568	\$ 6,065
11/01/04	0	1,456	1,456
05/01/05	4,497	1,456	5,953
11/01/05	0	1,341	1,341
05/01/06	4,497	1,341	5,838
11/01/06	0	1,224	1,224
05/01/07	4,497	1,224	5,721
11/01/07	0	1,106	1,106
05/01/08	4,497	1,106	5,603
11/01/08	0	987	987
05/01/09	4,497	987	5,484
11/01/09	0	866	866
05/01/10	4,497	866	5,363
11/01/10	0	742	742
05/01/11	4,497	742	5,239
11/01/11	0	618	618
05/01/12	4,497	618	5,115
11/01/12	0	495	495
05/01/13	4,497	495	4,992
11/01/13	0	371	371
05/01/14	4,497	371	4,868
11/01/14	0	247	247
05/01/15	4,497	247	4,744
11/01/15	0	124	124
05/01/16	4,497	124	4,621
	<u>\$58,461</u>	<u>\$20,722</u>	<u>\$79,183</u>

EXETER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 8 Long-Term Debt (Continued)

Contract liability for the General Obligation Limited Tax Water Supply System Bonds (Townships of Exeter and Raisinville System No. 1, Series 2000 - Original issue of \$2,285,000, with the Township's share set at 93.81%, equaling \$2,143,558. The bonds were issued June 1, 2000 by the County of Monroe.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
04/01/04	\$ 112,572	\$ 49,872	\$ 162,444
10/01/04	0	47,057	47,057
04/01/05	112,572	47,057	159,629
10/01/05	0	44,243	44,243
04/01/06	112,572	44,243	156,815
10/01/06	0	41,429	41,429
04/01/07	112,572	41,429	154,001
10/01/07	0	38,615	38,615
04/01/08	112,572	38,615	151,187
10/01/08	0	35,800	35,800
04/01/09	112,572	35,800	148,372
10/01/09	0	32,986	32,986
04/01/10	112,572	32,986	145,558
10/01/10	0	30,172	30,172
04/01/11	112,572	30,172	142,744
10/01/11	0	27,287	27,287
04/01/12	112,572	27,287	139,859
10/01/12	0	24,332	24,332
04/01/13	112,572	24,332	136,904
10/01/13	0	21,377	21,377
04/01/14	112,572	21,377	133,949
10/01/14	0	18,422	18,422
04/01/15	112,572	18,422	130,994
10/01/15	0	15,439	15,439
04/01/16	112,572	15,439	128,011
10/01/16	0	12,427	12,427
04/01/17	112,572	12,427	124,999
10/01/17	0	9,388	9,388
04/01/18	112,572	9,388	121,960
10/01/18	0	6,320	6,320
04/01/19	112,572	6,320	118,892
10/01/19	0	3,225	3,225
04/01/20	<u>117,262</u>	<u>3,225</u>	<u>120,487</u>
	<u>\$1,918,414</u>	<u>\$866,910</u>	<u>\$2,785,324</u>

2002 Rosenbauer Commander 3000 Pumper Truck - The Township entered into a contract on April 2, 2002 to purchase a fire truck through Central States Fire Apparatus, LLC for \$232,206. The Township is financing the purchase through an installment agreement with Monroe Bank & Trust. The terms of the agreement called for a down payment of \$20,000 with the balance to be financed over ten years with annual principal payments of \$21,221 plus interest at a rate of 4.25%.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
03/01/05	\$ 21,220	\$ 7,315	\$ 28,535
03/01/06	21,221	6,401	27,622
03/01/07	21,220	5,486	26,706
03/01/08	21,221	4,585	25,806
03/01/09	21,220	3,658	24,878
03/01/10	21,221	2,743	23,964
03/01/11	21,220	1,829	23,049
03/01/12	<u>21,221</u>	<u>917</u>	<u>22,138</u>
	<u>\$169,764</u>	<u>\$32,934</u>	<u>\$202,698</u>

EXETER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 8    Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt at March 31, 2004 are as follows:

<u>Fiscal Years</u>	<u>Annual Requirements</u>
2005	\$ 245,557
2006	238,788
2007	232,012
2008	225,249
2009	218,455
2010 and thereafter	<u>1,907,144</u>
	\$3,067,205

Note 9    Excess of Expenditures over Appropriations

During the year ended March 31, 2004, the Township incurred expenditures in the following certain budgetary fund which was in excess of the amounts appropriated.

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Fire Fund	\$ 60,000	\$ 142,311	\$82,311

Note 10    Building Department

The Township tracks building permit fees and their related costs in the General Fund. Fees for the fiscal year ending March 31, 2004, of \$39,672 did not exceed the related costs and administrative overhead.

Note 11    Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

Note 12    Financial Statement (GASB 34)

In June 1999, members of the Governmental Accounting Standards Board (GASB) unanimously approved issuance of GASBS No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, which will make dramatic changes in the way state and local governments report their finances to the public. This will first be effective for the Township for the fiscal year ending March 31, 2005.

The statement requires changes in presentation and some accounting policies. The statement will require material prior period adjustments, most significantly depreciation of fixed assets. The amounts of the adjustments have not been determined at this time.



GENERAL FUND

General Fund - to account for resources associated with government not specifically provided for in another fund.

## EXETER TOWNSHIP

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEBUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes and Assessments:			
Taxes	\$85,000	\$90,095	\$5,095
Scofield light assessment	1,800	1,873	73
	<u>86,800</u>	<u>91,968</u>	<u>5,168</u>
Licenses and Permits:			
Business	86,000	123,213	37,213
Non-business	23,000	39,672	16,672
	<u>109,000</u>	<u>162,885</u>	<u>53,885</u>
State Grants:			
State shared revenue	239,500	216,839	(22,661)
Charges for services - fees	25,000	25,301	301
Interest income	6,500	3,651	(2,849)
Other income	<u>4,700</u>	<u>22,681</u>	<u>17,981</u>
Total Revenues	471,500	523,325	51,825
Expenditures			
Legislative:			
Board	32,100	59,405	(27,305)
General Government:			
Supervisor	17,400	16,677	723
Elections	2,150	172	1,978
Assessor	92,650	74,836	17,814
Township attorney	13,000	11,413	1,587
Clerk	18,400	25,889	(7,489)
Board of review	2,500	1,104	1,396
Treasurer	20,000	17,213	2,787
Township building and grounds	30,600	26,683	3,917
Independent auditing	<u>8,200</u>	<u>8,950</u>	<u>(750)</u>
	204,900	182,937	21,963
Public safety:			
Fire department	144,810	149,076	(4,266)
Ordinance enforcement	7,400	7,280	120
Building inspection	24,300	28,468	(4,168)
Zoning and planning board	<u>4,500</u>	<u>4,323</u>	<u>177</u>
	181,010	189,147	(8,137)

## EXETER TOWNSHIP

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEBUDGET AND ACTUAL

For the Year Ended March 31, 2004

			Variance Favorable (Unfavorable)
Expenditures (Concluded)	Budget	Actual	
Public Works:			
Drains at large	\$10,000	\$567	\$9,433
Highways	107,500	61,014	46,486
Street lights	3,000	2,144	856
	120,500	63,725	56,775
Recreation and Culture:			
Parks and recreation	500	500	0
Other:			
Contingency	70,000	0	70,000
Insurance and bonds	25,500	31,208	(5,708)
Payroll taxes	2,700	4,452	(1,752)
Miscellaneous	5,000	15,200	(10,200)
Capital outlay	5,000	1,454	3,546
Employee Pension	8,200	8,350	(150)
	116,400	60,664	55,736
Total Expenditures	655,410	556,378	99,032
Excess (Deficiency) of			
Revenues over Expenditures	(183,910)	(33,053)	150,857
Other Financing Sources (Uses)			
Operating transfers out	(2,380)	(2,326)	54
Total Other Financing Sources (Uses)	(2,380)	(2,326)	54
Excess of Revenues and Other Sources over Expenditures and Other Uses	(186,290)	(35,379)	150,911
Fund Balance - Beginning of Year	440,041	440,041	0
Fund Balance - End of Year	\$253,751	\$404,662	\$150,911

#### SPECIAL REVENUE FUNDS

Library Fund - this fund was established to account for moneys set aside by Exeter Township, London Township, Raisinville Township, and the Village of Maybee for library purposes.

Fire Fund - this fund was established to account for a voted tax levy to be used to upgrade fire and rescue service equipment, to acquire land and construct a new fire station and purchase fire fighting equipment.

EXETER TOWNSHIP

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

March 31, 2004

	<u>Library</u>	<u>Fire</u>	<u>Totals</u>
<u>ASSETS</u>			
Cash	\$10,149	\$21,363	\$31,512
Certificates of deposit	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total Assets	<u>\$20,149</u>	<u>\$21,363</u>	<u>\$41,512</u>
 <u>FUND EQUITY</u>			
Fund balance	<u>\$20,149</u>	<u>\$21,363</u>	<u>\$41,512</u>
Total Fund Equity	<u>20,149</u>	<u>21,363</u>	<u>41,512</u>
Total Liabilities And Fund Equity	<u>\$20,149</u>	<u>\$21,363</u>	<u>\$41,512</u>



## EXETER TOWNSHIP

## SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended March 31, 2004

	Library	Fire	Totals
Revenues			
Local contributions	\$6,978	\$0	\$6,978
Interest income	114	482	596
Other income	41	989	1,030
Total Revenues	7,133	1,471	8,604
Expenditures			
Recreation and culture			
Library	7,126	0	7,126
Debt service	0	142,311	142,311
Total Expenditures	7,126	142,311	149,437
Excess (Deficiency) of			
Revenues over Expenditures	7	(140,840)	(140,833)
Other Financing Sources (Uses)			
Operating transfers in	2,326	0	2,326
Total Other Financing Sources (Uses)	2,326	0	2,326
Excess of Revenues and Other Sources			
over Expenditures and Other Uses	2,333	(140,840)	(138,507)
Fund Balance - Beginning of Year	17,816	162,203	180,019
Fund Balance - End of Year	\$20,149	\$21,363	\$41,512

## EXETER TOWNSHIP

## LIBRARY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEBUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local contributions			
Village of Maybee	\$2,326	\$2,326	\$0
London Township	2,326	2,326	0
Raisinville Township	2,326	2,326	0
	<u>6,978</u>	<u>6,978</u>	<u>0</u>
Interest income	0	114	114
Other income	0	41	41
	<u>0</u>	<u>41</u>	<u>41</u>
Total Revenues	6,978	7,133	155
Expenditures			
Recreation and culture			
Library	9,305	7,126	2,179
	<u>9,305</u>	<u>7,126</u>	<u>2,179</u>
Total Expenditures	9,305	7,126	2,179
Excess (Deficiency) of			
Revenues over Expenditures	(2,327)	7	2,334
Other Financing Sources (Uses)			
Operating transfers in	2,327	2,326	(1)
	<u>2,327</u>	<u>2,326</u>	<u>(1)</u>
Excess of Revenues and Other Sources			
over Expenditures and Other Uses	0	2,333	2,333
Fund Balance - Beginning of Year	17,816	17,816	0
	<u>17,816</u>	<u>17,816</u>	<u>0</u>
Fund Balance - End of Year	\$17,816	\$20,149	\$2,333
	<u>\$17,816</u>	<u>\$20,149</u>	<u>\$2,333</u>

## EXETER TOWNSHIP

## FIRE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEBUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Interest income	\$1,500	\$482	(\$1,018)
Other income	0	989	989
Total Revenues	1,500	1,471	(29)
Expenditures			
Debt service	60,000	142,311	(82,311)
Total Expenditures	60,000	142,311	(82,311)
Excess (Deficiency) of Revenues over Expenditures	(58,500)	(140,840)	(82,340)
Fund Balance - Beginning of Year	162,203	162,203	0
Fund Balance - End of Year	<u>\$103,703</u>	<u>\$21,363</u>	<u>(\$82,340)</u>

WATER DEBT SERVICE FUNDS

Water Debt #1 Fund - to account for the collection of a water district special assessment, used to pay the cost of Exeter Township's share of a general obligation bond issue dated April 1, 1999.

Water Debt #2 Fund - to account for the collection of a water district special assessment, used to pay the cost of Exeter Township's share of a general obligation bond issue dated June 1, 2000.

## EXETER TOWNSHIP

## WATER DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

March 31, 2004

	Water Debt #1	Water Debt #2	Totals
<u>ASSETS</u>			
Cash and cash with fiscal agent	\$34,560	\$580,942	\$615,502
Receivables:			
Special assessments	29,881	1,401,994	1,431,875
Delinquent taxes	1,305	11,914	13,219
Due from general fund	0	3,684	3,684
Total Assets	<u>\$65,746</u>	<u>\$1,998,534</u>	<u>\$2,064,280</u>
<u>LIABILITIES</u>			
Deferred Revenue	<u>\$27,048</u>	<u>\$1,313,453</u>	<u>\$1,340,501</u>
Total Liabilities	<u>27,048</u>	<u>1,313,453</u>	<u>1,340,501</u>
<u>FUND EQUITY</u>			
Fund balance - reserved for debt service	<u>38,698</u>	<u>685,081</u>	<u>723,779</u>
Total Fund Equity	<u>38,698</u>	<u>685,081</u>	<u>723,779</u>
Total Liabilities And Fund Equity	<u>\$65,746</u>	<u>\$1,998,534</u>	<u>\$2,064,280</u>



EXETER TOWNSHIP

WATER DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
For the Year Ended March 31, 2004

	Water Debt #1	Water Debt #2	Totals
Revenues			
Special assessments	\$7,048	\$133,924	\$140,972
Interest income	2,463	100,923	103,386
Total Revenues	9,511	234,847	244,358
Expenditures			
Debt service	7,930	215,529	223,459
Total Expenditures	7,930	215,529	223,459
Excess (Deficiency) of			
Revenues over Expenditures	1,581	19,318	20,899
Fund Balance - Beginning of Year	37,117	665,763	702,880
Fund Balance - End of Year	\$38,698	\$685,081	\$723,779

## EXETER TOWNSHIP

## WATER DEBT #1 FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEBUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special assessments	\$3,200	\$7,048	\$3,848
Interest income	2,950	2,463	(487)
Total Revenues	6,150	9,511	3,361
Expenditures			
Debt service	8,000	7,930	70
Total Expenditures	8,000	7,930	70
Excess (Deficiency) of Revenues over Expenditures	(1,850)	1,581	3,431
Fund Balance - Beginning of Year	37,117	37,117	0
Fund Balance - End of Year	\$35,267	\$38,698	\$3,431

## EXETER TOWNSHIP

## WATER DEBT #2 FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEBUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Special assessments	\$94,000	\$133,924	\$39,924
Interest income	107,000	100,923	(6,077)
Total Revenues	201,000	234,847	33,847
Expenditures			
Debt service	222,200	215,529	6,671
Total Expenditures	222,200	215,529	6,671
Excess (Deficiency) of Revenues over Expenditures	(21,200)	19,318	40,518
Fund Balance - Beginning of Year	665,763	665,763	0
Fund Balance - End of Year	\$644,563	\$685,081	\$40,518

WATER CAPITAL PROJECTS FUND

Water Development Fund - to account for the collection of Stoneco, Inc. tonnage fees to be used for future water projects.

## EXETER TOWNSHIP

## WATER DEVELOPMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCEBUDGET AND ACTUAL

For the Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Licenses and permits			
Stoneco tonnage fees	\$85,000	\$119,408	\$34,408
Interest income	1,800	1,845	\$45
Total Revenues	86,800	121,253	34,453
Expenditures			
Capital outlay			
Water projects	0	0	0
Total Expenditures	0	0	0
Excess (Deficiency) of			
Revenues over Expenditures	86,800	121,253	34,453
Fund Balance - Beginning of Year	176,528	176,528	0
Fund Balance - End of Year	\$263,328	\$297,781	\$34,453

AGENCY FUND

Tax Collection - this fund was established for the purpose of accounting for money which is held by the Township in its capacity as trustee of property taxes.

EXETER TOWNSHIP

TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended March 31, 2004

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
<u>ASSETS</u>				
Cash	\$0	\$2,370,822	\$2,370,391	\$431
<u>LIABILITIES</u>				
Due to other governmental units	\$0	\$2,067,934	\$2,067,503	\$431
Due to other funds	0	302,888	302,888	0
Total Liabilities	\$0	\$2,370,822	\$2,370,391	\$431



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Certified Public Accountants

Township Board  
Exeter Township  
Monroe County, Michigan

Report of Comments and Recommendations

Board Members:

Our audit of the general purpose financial statements of the Exeter Township for the fiscal year ended March 31, 2004 was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry and confirmation, that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Township. During the course of our audit, we encountered matters which we set forth herein for your review. Our comments have been discussed with appropriate personnel. These comments are based primarily upon procedures employed during our audit and therefore, do not encompass all matters that might result from special studies directed toward such matters.

New Reporting Model

Effective June 1999, new financial reporting requirements were established by GASB Statement No. 34. The Township is required to implement these changes for the fiscal year beginning April 1, 2004. For a smooth transition, we need to work with the Township on a plan to implement these new reporting changes.

As part of GASB Statement No. 34, the Township will be required to report capital assets (assets with useful lives of more than one year) in the statement of net assets at historical cost. These capital assets will also be depreciated over their estimated useful lives.

In order to implement GASB No. 34, the Township will need an inventory of capital assets as of March 31, 2004. Capital assets include the following: Land, buildings, office equipment, fire equipment, and vehicles. Inventory information should include the description of the item, historical cost, date of purchase, and estimated useful life.

Fixed Asset Management Policy

As part of the process of implementing GASB No. 34, the Township needs to adopt a fixed asset management policy. This policy will determine the minimum cost level at which a fixed asset is to be capitalized and depreciated verses expensed as a supply item.

General Ledger

One of the important parts of the system of checks and balances between the Clerk and the Treasurer is the comparing of the month-end cash balances. Once the Treasurer reconciles the monthly bank statements, the Clerk needs to compare the results with the cash balances of the general ledger and reconcile any differences.



Township Board  
Exeter Township

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Budgets

The Township adopts a budget for each fund at the beginning of the fiscal year. Throughout the fiscal year, the budget needs to be amended to allow for expenditures that are higher than originally anticipated and for unexpected expenditures.

Water Development Fund

Effective January 1, 2001, the Township began collecting an additional fee from Stoneco, Inc. to help fund water project needs. These fees are being tracked in the new Water Development Fund. As of March 31, 2004, the Township had accumulated \$297,781.

If you have any questions regarding the audit report or this letter, please contact us. We are available to meet with you at your convenience. It has been a pleasure to be of service to you and we appreciate the cooperation which we received during the audit.

Very truly yours,

*Cooley Hehl Wohlgemuth Carlton*

September 2, 2004